

Message Text

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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 05799

C O R R E C T E D C O P Y (PARA 1 GARBLED)

E.O.11652: GDS
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SUBJECT : ROC AND JAPAN: POST PFT RELATIONS

REF : TOKYO 14704

BEGIN SUMMARY. COMMENTING ON THE NEGATIVE IMPACT OF
THE SINO-JAPANESE PFT ON ROC-JAPAN RELATIONS, MEMBERS
OF THE JAPANESE INTERCHANGE ASSOCIATION (JIA), TAIPEI,
SAID THEY FELT THE ROC WOULD NEVERTHELESS ATTEMPT
TO MAINTAIN GOOD RELATIONS WITH JAPAN. ON AUGUST 29
AND 30, JIA OFFICIALS FROM JAPAN WILL MEET IN TAIPEI
WITH OFFICIALS OF THE ROC'S ASSOCIATION OF EAST ASIAN
RELATIONS, AND ROC TRADE AND ECONOMIC OFFICIALS, FOR
THE THIRD IN A SERIES OF ANNUAL TRADE CONFERENCES
WHICH SHOULD THIS YEAR ALSO PROVIDE BOTH SIDES THE
OPPORTUNITY TO CONSIDER RAMIFICATIONS OF THE PFT ON
THEIR RELATIONS. IN ANY CASE, JAPANESE DO NOT EXPECT
AN INCREASE IN TRADE. HAVING PREVIOUSLY OVERESTIMATED
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THE IMPORTANCE OF THE PFT, ROC OFFICIALS NOW SEEM TO
ACCEPT IT AS THE COMPLETION OF A PROCESS BEGUN WITH
JAPAN'S RECOGNITION OF THE PRC IN 1972. WHILE THE
JAPANESE TRIED TO CONVINCE THE ROC TO THE CONTRARY,
THE ROC REMAINS LARGELY UNCONVINCED THAT THE U.S.
DID NOT ENCOURAGE JAPAN TO SIGN THE PFT TO FACILITATE
U.S. NORMALIZATION WITH THE PRC. END SUMMARY.

1. AT A SOCIAL OCCASION VARIOUS MEMBERS OF THE JAPANESE INTERCHANGE ASSOCIATION (JIA) IN TAIPEI SPOKE RATHER FREELY ON A NUMBER OF MATTERS CONNECTED WITH JAPAN/ROC RELATIONS FOLLOWING THE SIGNATURE OF THE PFT. INUMARU (GAIMUSHO) SAID THAT THE ROC REACTION HAD IN GENERAL BEEN RATHER RESTRAINED. FOREIGN MINISTER SHEN HAD APPARENTLY WISHED TO HIT BACK AT JAPAN, BUT FOR THE MOST PART ROC OFFICIALS WERE LOOKING FOR WAYS TO KEEP RELATIONS AS GOOD AS POSSIBLE, NOT FOR AN OCCASION TO VENT THEIR PIQUE. HOWEVER, SASAKI (MINISTRY OF FINANCE) SAID THAT THE JAPANESE BELIEVED THE ROC WOULD BE LESS LIBERAL IN ITS POLICY OF IMPORTS FROM JAPAN, IN PART FROM ANNOYANCE OVER THE PFT BUT ALSO BECAUSE OF THE ROC'S TRADE DEFICIT WITH JAPAN. ROC OFFICIALS HAD OCCASIONALLY TENDED TO OVERESTIMATE THE IMPORTANCE OF THE PFT IN JAPAN'S RELATIONS WITH THE ROC, BUT THE JIA HAD MADE IT CLEAR THAT THE PFT WOULD NOT INFLUENCE JAPANESE RELATIONS WITH TAIWAN IN ANY WAY. IN EFFECT, INUMARU TOLD ROC OFFICIALS THE PFT WAS MERELY THE COMPLETION OF A PROCESS STARTED IN 1972 WITH THE JAPANESE RECOGNITION OF PEKING. THE ACTION WHICH INFLUENCED JAPANESE/ROC RELATIONS WAS THE 1972 RECOGNITION, NOT THE 1978 PFT. MOST ROC OFFICIALS NOW SEEM TO ACCEPT THIS REASONING.

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2. CONNECTION BETWEEN PFT AND U.S. NORMALIZATION. INUMARU SAID THAT THE CHINESE HERE FREQUENTLY CITED THE ROLE OF THE U.S. IN THE JAPANESE PFT TREATY. THEY WERE CONVINCED THAT BRZEZINSKI HAD ENCOURAGED THE JAPANESE GOVERNMENT TO MOVE AHEAD ON PFT WHEN HE STOPPED OVER IN TOKYO ON HIS WAY HOME FROM PEKING. IN ADDITION, THEY THOUGHT PRESIDENT CARTER TOLD FUKUDA DIRECTLY THAT IT WOULD FACILITATE U.S. NORMALIZATION OF RELATIONS WITH THE PRC IF JAPAN WENT AHEAD WITH THE PFT. INUMARU SAID THAT THE JAPANESE HAD MAINTAINED THE LINE THAT THE U.S. HAD NOT DONE ANY MORE THAN SAY THAT IT UNDERSTOOD JAPAN'S ACTIONS IN CONCLUDING THE PFT; THE U.S. WAS IN NO WAY RESPONSIBLE FOR THE JAPANESE DECISION, AND THE JAPANESE DID NOT THINK THAT THE U.S. NORMALIZATION DEPENDED ON GOJ ACTIONS. MANY ROC OFFICIALS ARE STILL NOT CONVINCED, INUMARU COMMENTED.

3. INUMARU SAID THAT, FOR THE JAPANESE PART, THE POLICY WAS TO ATTEMPT TO MAINTAIN THE JAPAN-ROC RELATIONSHIP AT THE CURRENT LEVEL AS FAR AS POSSIBLE. THE JAPANESE WERE UNDER NO ILLUSION ABOUT BEING ABLE

TO HAVE THE KIND OF INCREASE IN TRADE, FOR EXAMPLE,
WHICH HAD GRADUALLY OCCURRED AFTER THE INITIAL DIP
FOLLOWING THE 1972 RECOGNITION. THE JAPANESE WERE
AWARE THAT A NUMBER OF JAPANESE BUSINESSMEN WOULD
BEGIN TO CURTAIL THEIR TRADE WITH AND TO LOWER THE
LEVEL OF NEW INVESTMENT IN TAIWAN IN PART BECAUSE
OF THE PFT AND WHAT IT MIGHT EVENTUALLY MEAN FOR
JAPANESE TRADE WITH THE PRC. THE GOJ COULD NOT
ALTER THIS BASIC ECONOMIC JUDGMENT OF THE JAPANESE
BUSINESS COMMUNITY, BUT IT WOULD PUT ITS ENERGY
BEHIND TRYING TO KEEP UP THE CURRENT LEVEL. IT
HOPED TO PERSUADE THE ROC THAT BUSINESS AS USUAL WOULD
BE MAINTAINED, AT LEAST FOR THE IMMEDIATE FUTURE.
INUMARU THOUGHT THAT ONE OF THE PROBLEMS MIGHT BE
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IN THE AREA OF JOINT JAPANESE/TAIWANESE VENTURES.

4. COMMENTING ON THE ONLY INCIDENT OF MILD OPPOSITION
TO THE PFT WHICH EMANATED FROM WITHIN TAIWAN'S
JAPANESE BUSINESS COMMUNITY, CONSULAR AND CULTURAL
AFFAIRS OFFICER MASAHURA ITO SAID THAT 30 JAPANESE

BUSINESSMEN REPRESENTING "CHINESE INTERESTS" HAD BEEN ASKED BY THEIR TAIWANESE PARTNERS (AT THE INSTIGATION OF THE ROC) TO PETITION THE INTERCHANGE. INTERCHANGE DEPUTY DIRECTOR HITOSHI AIZAWA SAID THE BUSINESSMEN WERE MEMBERS OF THE ROC-JAPAN JOINT VENTURES. THE PRESS HAD REPORTED THAT THE PETITION ARGUED THAT FOR MORAL, TRADE AND ECONOMIC REASONS, JAPAN SHOULD DO NOTHING TO UNDERMINE THE ROC.

5. INUMARU SAID THAT THE GOJ AND ROC HAD AGREED TO HAVE A CONFERENCE WHICH WAS NOT SPECIFICALLY CHARACTERIZED AS ASSESSING THE IMPACT OF THE PFT, BUT WHICH WOULD BE ABLE TO ADDRESS THE PROBLEM. KIMURA SHIROSHICHI, CHAIRMAN OF THE JAPANESE EXCHANGE ASSOCIATION IN TOKYO, TOGETHER WITH FIVE OTHER
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JAPANESE WOULD COME TO TAIPEI FOR A CONFERENCE ON AUGUST 29 AND 30 WITH CHANG YEN-TIEN, PRESIDENT OF THE ASSOCIATION OF EAST ASIAN RELATIONS AND CONCERNED GROC OFFICIALS IN THE FIELDS OF ECONOMICS AND

FOREIGN TRADE. MA SHU-LI, THE DIRECTOR OF THE ROC ASSOCIATION OF EAST ASIAN RELATIONS IN TOKYO, WOULD ALSO PARTICIPATE AS WOULD MEMBERS OF THE JAPANESE INTERCHANGE ASSOCIATION. AMBASSADOR NISHIYAMA HAD RETURNED FROM TOKYO ON AUGUST 19 AFTER DISCUSSING THE CONFERENCE WITH THE GOJ. INUMARU NOTED THAT, AS WAS THE CUSTOM OF THE JAPANESE, THERE WOULD BE NO CONTACT OF EVEN THESE "NON-OFFICIAL" JAPANESE WITH THE MINISTRY OF FOREIGN AFFAIRS HERE; ONLY WITH ECONOMIC LEADERS.

6. ACCORDING TO THE CHINA NEWS, THE AUGUST 29-30 CONFERENCE WILL BE THE THIRD SUCH ANNUAL CONFERENCE WITH THE FIRST HAVING BEEN HELD IN TAIPEI AND LAST YEAR'S IN TOKYO. AIZAWA TOLD THE NEWS THAT THIS YEAR'S CONFERENCE WOULD REVIEW ECONOMIC COOPERATION IN GENERAL, AND CONSIDER SPECIFICALLY THE WIDENING TRADE GAP BETWEEN THE ROC AND JAPAN WHICH WILL RESULT IN A U.S. DOLLAR 2 BILLION DEFICIT FOR THE ROC IN A PROJECTED U.S. DOLLAR 4 BILLION TRADE VOLUME FOR 1978. THE JAPANESE INTEND TO EXPLORE THE POSSIBILITY OF SENDING TECHNICAL SPECIALISTS TO TRAIN ROC YOUTH AND SUPPLYING EQUIPMENT FOR A VOCATIONAL TRAINING CENTER IN TAICHUNG. THE CHINESE WILL ASK THE JAPANESE TO DO MORE IN REMOVING TRADE BARRIERS AGAINST THE IMPORTATION OF ABOUT 200 ROC PRODUCTS.

7. COMMENT: ALTHOUGH THE ROC FORMALLY DENOUNCED

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THE CONCLUSION OF THE PFT, IT REFRAINED FROM
CRITICIZING JAPAN TOO HARSHLY THEREBY AVOIDING THE
POSSIBLE RISK OF ALIENATING A MAJOR TRADING PARTNER.
ON THE CONTRARY, THE ROC SEEMS TO HAVE BEEN
PREPARED TO EXPLOIT THE PFT ISSUE TO ENHANCE ITS
TRADING POSITION WITH THE JAPANESE WHO MAY BE
WILLING TO MAKE CONCILIATORY GESTURES IN FUTURE
TRADE NEGOTIATIONS IN AN EFFORT TO REASSURE THE
ROC OF CONTINUED GOOD RELATIONS. UNGER

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